

**LUTHER SPEIGHT & COMPANY, LLC***Certified Public Accountants and Consultants***CRIMINAL DISTRICT COURT  
FOR THE PARISH OF ORLEANS  
NEW ORLEANS, LOUISIANA****FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: **DEC 25 2013**

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**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2012**

Our discussion and analysis of Criminal District Court for the Parish of Orleans financial performance provides an overview of the financial activities for the year. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The Government Financial Statements – The Statement of Net Position and the Statement of Activities provide information about the financial activities as a whole and present a longer-term view of the finances. Fund Financial Statements (FFS) – The Balance Sheet and the Statements of Revenues, Expenditures and Changes in Fund Balances tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than Government Statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report, located immediately following this MD&A, that the Basic Financial Statements are fairly stated. The auditor regarding the Required Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

**GOVERNMENT - FINANCIAL STATEMENTS**

One of the most important questions asked about the finances is, "Is the Criminal District Court as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the entity as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

**FUND FINANCIAL STATEMENTS**

The Fund Financial Statements provide detailed information about the most significant funds not the operations as a whole. Some funds are required to be established by State laws. Other funds are established to help control and manage money for a particular purpose while others are to show that it is meeting legal responsibilities for using certain appropriations, grants, and other money.

Continued,

The Criminal District Court utilizes the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationships (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliation following the fund financial statements.

#### FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- As a result of this year's operations, total net position was \$2,543,160. Net position decreased sharply by \$1,653,959 as compared to the previous year net position reported at \$4,197,119. This declining trend was the result of decreasing revenues as compared to the previous year. Total Court revenues decreased from \$9.1 million in 2011 to \$7.6 million in 2012. This decrease in revenues was partially offset by a reduction in expenditures.
- Total net position were comprised of the following:

#### Restricted Net Position:

- (1) Net Invested in capital assets of \$1,093,263, the net book value of property and equipment.
- (2) Special revenue (grant funds) recorded at \$1,061,191.

#### Unrestricted Net Position:

- (3) Unrestricted net position reflected a balance of \$388,706. This balance represents the net position balance available to maintain continuing obligations to citizens and creditors for the general fund. During prior years, the Court accounted for its Judicial Expense Fund (JEF) in its special revenue fund. The JEF fund reflected a balance at December 31, 2012 of \$1,713,165. The JEF net position is available to fund general operations of the Court, accordingly the net position of the JEF was accounted for as an interfund balance to offset otherwise deficits in the general fund of the Court.

During 2012 the Court accounted for the JEF fund as a part of its general fund, therefore eliminating the interfund balances. The beginning net position balance was restated to reflect the change in accounting for the JEF. The resulting net position balance reflected \$388,706.

Continued,

Total spending for all activities was \$9,193,026, which was \$631,705 less than the previous year.

#### FINANCIAL ANALYSIS OF THE CRIMINAL DISTRICT COURT AS A WHOLE

The Statement of Net Position and the Statement of Activities reports only one type of government activity. Our analysis below focuses on the net position of the governmental- type activities:

##### Condensed Statement of Net Position

	2012	2011	Change
Cash & Cash Equivalents	1,669,328	\$ 3,279,334	\$ (1,610,006)
Grant & Other Receivables	497,981	\$ 545,949	(47,968)
Capital Assets, Net	1,093,263	1,278,313	(185,050)
Total Assets	<u>3,260,572</u>	<u>5,103,596</u>	<u>(1,843,024)</u>
Liabilities	717,412	906,477	(189,065)
Total Liabilities	<u>717,412</u>	<u>906,477</u>	<u>(189,065)</u>
Restricted	2,154,454	2,494,567	(340,113)
Unrestricted	388,706	1,702,552	(1,313,846)
Total Net Position	<u>2,543,160</u>	<u>4,197,119</u>	<u>(1,653,959)</u>
Total Net Position and Liabilities	<u>\$ 3,260,572</u>	<u>\$ 5,103,596</u>	<u>\$ 1,843,024</u>

As a result of this year's operations, net position decreased by \$1,653,959. The total balance in net assets; \$2,543,160 represents the accumulated results of the current and all past years' operations.

Continued,

Our analysis below focuses on the changes in net position of the governmental – type activities:

**Condensed Statement of Activities:**

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Total Program Revenues	7,613,751	9,085,345	(1,471,594)
Total Program Expenses	<u>\$ (9,267,976)</u>	<u>\$ (9,824,731)</u>	<u>\$ 556,755</u>
Net Program Income	<u>(1,654,225)</u>	<u>(739,386)</u>	<u>(839,623)</u>
General Revenues	<u>266</u>	<u>970</u>	<u>(704)</u>
Change in Net Position	<u>(1,653,959)</u>	<u>(738,416)</u>	<u>(840,327)</u>

The total program revenues for the year in governmental activities were \$7,613,751. The components of the revenues were \$1,970,509 in charges for services and \$5,643,242 in operating and grant revenues.

**BUDGETARY HIGHLIGHTS**

The total of general fund budgeted revenues were \$5 million with actual revenues were reported at \$3.8 million. The total special revenue budgeted revenues were \$3.2 million while actual revenues were reported at \$3.8 million.

Continued,

## CAPITAL ASSETS

The investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2012 and 2011 was \$1,093,313 and \$1,278,313 respectively.

This financial report is designed to provide a general overview of the Criminal District Court finances and to show the Criminal District Court accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Ms. Robert Kazik , Judicial Administrator  
Criminal District Court For the Parish of Orleans  
2700 Tulane Avenue Room 201  
New Orleans, LA 70119  
Phone (504) 658-9100



## LUTHER SPEIGHT & COMPANY, LLC

*Certified Public Accountants and Consultants*

### INDEPENDENT AUDITOR'S REPORT

To the Honorable Camille Buras, Chief Judge  
of the Criminal District Court for the Parish of Orleans

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Criminal District Court for the Parish of Orleans (the Court) as of and for the year ended December 31, 2012, which collectively comprise the Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Court's management. Our responsibility is to express opinions on these financial statements based on our audit.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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Continued,

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Court, as of December 31, 2012, and the respective changes in net position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

***Other Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 5 and 24 through 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2013, on our consideration of the Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Court's internal control over financial reporting and compliance.



Luther Speight & Company CPAs

New Orleans, Louisiana

June 26, 2013

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012

**ASSETS**

Cash and cash equivalents	\$ 1,669,328
Grants Receivable	155,679
Due from other Government	342,302
Furniture and equipment, net	<u>1,093,263</u>
Total Assets	<u><u>3,260,572</u></u>

**LIABILITIES**

Liabilities:

Accounts payable	434,011
Salaries payable	10,704
Related benefits payable	<u>272,697</u>
Total Liabilities	<u><u>717,412</u></u>

**NET POSITION**

Investment in capital assets, net	1,093,263
Restricted:	
Special revenue fund	<u>1,061,191</u>
Total Restricted	<u><u>2,154,454</u></u>
Unrestricted:	
General fund	<u>388,706</u>
Total Unrestricted	<u><u>388,706</u></u>
Total Net Position	<u><u>\$2,543,160</u></u>

The accompanying notes are an integral part of these financial statements.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS**  
**Statement of Activities - Governmental Activities**  
**For the Year Ended December 31, 2012**

<u>FUNCTIONS / PROGRAMS</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>	
			<u>Operating Grants &amp; Contributions</u>	<u>Net (Expenses) Revenue</u>
Governmental activities:				
General government	\$ 9,267,976	\$ 1,970,509	\$ 5,643,242	\$(1,654,225)
Total governmental activities:				<u>(1,654,225)</u>
General revenues:				
Interest income				<u>266</u>
Total general revenues and transfers				<u>266</u>
Changes in net position				<u>(1,653,959)</u>
Net position - beginning				4,197,119
Net position - ending				<u>\$ 2,543,160</u>

The accompanying notes are an integral part of these financial statements.

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
FOR THE YEAR ENDED DECEMBER 31, 2012

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 286,274	\$ 1,383,054	\$1,669,328
Grants Receivable	-	155,679	155,679
Due from other Government	329,233	13,069	342,302
 Total Assets	 <u>615,507</u>	 <u>1,551,802</u>	 <u>2,167,309</u>
 <b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	94,333	339,678	434,011
Salaries payable	-	10,704	10,704
Related benefits payable	132,468	140,229	272,697
Total Liabilities	<u>226,801</u>	<u>490,611</u>	<u>717,412</u>
 Fund Balance			
Assigned:			
Special revenue fund	-	1,061,191	1,061,191
Total Assigned Fund Balance	<u>-</u>	<u>1,061,191</u>	<u>1,061,191</u>
 Unassigned:			
General fund	388,706	-	388,706
Judicial expense fund	-	-	-
Total Unassigned Fund Balance	<u>388,706</u>	<u>-</u>	<u>388,706</u>
 Total Fund Balance	 <u>388,706</u>	 <u>1,061,191</u>	 <u>1,449,897</u>
 Total Liabilities and Fund Balance	 <u>\$ 615,507</u>	 <u>\$ 1,551,802</u>	 <u>\$ 2,167,309</u>

The accompanying notes are an integral part of these financial statements.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>General</b>	<b>Special</b>	<b>Total</b>
	<b>Fund</b>	<b>Revenue Fund</b>	<b>Governmental</b>
			<b>Funds</b>
<b>REVENUES</b>			
Charges for Services	\$1,795,176	\$175,333	\$1,970,509
Intergovernmental	2,295,531	3,347,711	5,643,242
Interest		266	266
	<u>4,090,707</u>	<u>3,523,310</u>	<u>7,614,017</u>
<b>EXPENDITURES</b>			
Salaries and related benefits	4,016,965	2,019,815	6,036,780
Travel	1,940	133	2,073
Legislative Expenses	10,915	-	10,915
Conferences and Legal Education	90,838	37,537	128,375
Office Supplies	99,044	42,813	141,857
Law Books	57,767	-	57,767
Bottle Water	14,896	5,298	20,194
Jury Expenses	7,545	327,324	334,869
Telephone	45,861	23,853	69,714
Postage	10,144	19,206	29,350
Dues and Subscriptions	12,557	525	13,082
Paper Supplies	28,072	13,018	41,090
Building Maintenance & Repairs	33,732	7,015	40,747
Cleaning Services	6,519	2,020	8,539
Capital Outlay	87,524	4,206	91,730
Equipment Maintenance & Repairs	20,770	1,938	22,708
Lease Payments	29,513	1,478	30,991
Equipment Rentals	2,232	2,200	4,432
Professional & Contractual	161,456	1,238,171	1,399,627
Drug Testing Supplies	-	330,154	330,154
Coffee	7,389	7,298	14,687
Transcripts	-	181,749	181,749
Insurance	166,941	14,655	181,596
Total Expenditures	<u>4,912,620</u>	<u>4,280,406</u>	<u>9,193,026</u>
Operating Transfers In/(Out)	<u>(720,999)</u>	<u>602,033</u>	<u>(118,966)</u>
Net Change in Fund Balance	(1,542,912)	(155,063)	(1,697,975)
Fund Balance Beginning of Year	522,807	2,625,065	3,147,872
Adjustment to Restate Beginning Fund Balance	1,408,811	(1,408,811)	
Fund Balance Beginning of Year - Restated	<u>1,931,618</u>	<u>1,216,254</u>	<u>3,147,872</u>
Fund Balance End of Year	<u>\$388,706</u>	<u>\$1,061,191</u>	<u>\$1,449,897</u>

The accompanying notes are an integral part of these financial statements.

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
Reconciliation of Total Governmental Fund Balance to  
Net Position of Governmental Activities  
December 31, 2012

<b>Total Governmental Fund Balance</b>	<b>\$ 1,449,897</b>
Amounts reported in governmental activities in the statement of net position are different because:	
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.	<u>1,093,263</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 2,543,160</u></b>

The accompanying notes are an integral part of these financial statements.

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance  
of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2012

Net change in fund balances - total governmental funds (fund financial statements) \$ (1,697,975)

Amount reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures in the individual fund.  
Governmental activities report depreciation expense to allocate the cost of those  
capital assets over the estimated useful lives of the asset.

Capital asset purchases expensed	91,730	
Depreciation expense	<u>(47,714)</u>	<u>44,016</u>

Change in net position of governmental activities \$ (1,653,959)

The accompanying notes are an integral part of these financial statements.

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF FIDUCIARY FUND BALANCE SHEET  
DECEMBER 31, 2012

**ASSETS AND OTHER DEBITS**

Cash and cash equivalents	\$ 863,749
Due from other Government	<u>19,997</u>
Total Assets and other debits	<u><u>883,746</u></u>

**LIABILITIES**

Accounts payable	84,523
Due to victims	<u>799,223</u>
Total Liabilities	<u><u>\$883,746</u></u>

The accompanying notes are an integral part of these financial statements.



**NOTES TO FINANCIAL STATEMENTS**

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Louisiana Revised Statute 13:1335 established the Criminal District Court for the Parish of Orleans (Criminal Court). The Criminal Court is composed of judges serving six-year terms. The Criminal Court has exclusive jurisdiction over the trial and punishment of all crimes, misdemeanors, and offenses committed within the Parish of Orleans. The Criminal Court has appellate jurisdiction for all cases tried before the Municipal Court of New Orleans and the Traffic Court of New Orleans.

In addition, Louisiana Revised Statute 13:1346 established the Magistrate Section of the Criminal District Court for the Parish of Orleans. The magistrate section is composed of one elected judge and four commissioners who are appointed by the judges sitting en banc, each serving six-year terms. The magistrate section has jurisdiction to act as committing magistrate in felony and misdemeanor charges and to hold preliminary examinations, with the authority to bail or discharge, or to hold for trial, in all cases before the Criminal District Court for the Parish of Orleans.

The Criminal District Court for the Parish of Orleans includes all funds that are controlled by the Judges en banc as independently elected officials with oversight responsibility. Oversight responsibility is determined on the basis of the following criteria:

1. Appointment of governing boards
2. Designation of management
3. Ability to significantly influence operations
4. Accountability for fiscal matters
5. Scope of public service

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Continued,

**A. FUND ACCOUNTING**

The accounts of the Criminal Court are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the general purpose financial statements are described as follows:

**GOVERNMENTAL FUNDS**

**General Fund**

The General Fund is the general operating fund of the Criminal Court. It accounts for all financial resources, except those that are required to be accounted for in other funds.

**Special Revenue Fund**

Grant Funds accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. In addition, the General Fund of the Board of Jury Commissioners and the Renaissance, Inc. are reported as specific programs within the Special Revenue Fund.

**FIDUCIARY FUNDS**

**Probation Assessment, Restitution and Court Cost Agency Funds**

The Probation Assessment, Restitution and Court Cost Agency Funds account for assets held as an agent for others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Continued,

**B. Basic Financial Statements – Basis of Presentation**

***GOVERNMENT-WIDE FINANCIAL STATEMENTS***

The basic financial statements include both government-wide (reporting as a whole) and fund financial statements (reporting the major funds). All of the judicial and administrative services are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The net position are reported in three parts 1.) invested in capital assets, net of related debt; 2.) restricted net position; and 3.) unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the functions and activities. These functions are also supported by general government revenues (interest earned and other miscellaneous revenues). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and grants.

The net costs (by function) are normally covered by general revenue (interest earned, etc.). This government-wide focus is more on the sustainability as an entity and the change in the net assets resulting from the current year's activities.

***FUND FINANCIAL STATEMENTS***

The financial transactions are reported within individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The governmental fund type is the only type reported. The focus of the governmental funds measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

**C. Measurement Focus and Basis of Accounting**

***Accrual Basis of Accounting***

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported on the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Continued,

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenue, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Program revenue included in the Statement of Activities is derived directly from the program itself and reduce the cost of the function to be financed from the general revenues.

*Modified Accrual Basis of Accounting*

The fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period or within 60 days after year-end. Expenditures are generally recorded when the related fund liability is incurred.

With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses).

Fines, fees, and other revenues are recorded when collected and are considered susceptible to accrual.

**D. Budgets**

The Criminal District Court adopts an annual budget for the General Fund and the Special Revenue Funds on a modified accrual basis of accounting. The original proposed budget is made available for public inspection and adopted no later than in December of the previous year.

**E. SALARIES, OFFICE SUPPLIES AND TRAVEL OF JUDGES**

Salaries, office supplies, and travel of the judges that are paid directly by warrants drawn on the Louisiana Supreme Court are not included in the expenditures on the accompanying financial statements.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Continued,

**F. COMPENSATED ABSENCES**

Employees of the Criminal District Court for the Parish of Orleans and the Board of Jury Commissioners earn from one to four weeks of vacation leave each year, depending upon their years of service. This vacation leave does not accumulate or vest. Sick leave is not earned, but is granted as needed. Paternity leave is granted for up to five days paid. Additionally, maternity leave is provided for as follows:

<u>Number of weeks absent</u>	<u>Percent of compensation paid</u>
6 or less	100%
7	75%
8	50%
9	25%
10 or more	0%

The liability for unused vacation leave payable at December 31, 2012 was \$272,697.

**G. RISK MANAGEMENT**

The Criminal District Court for the Parish of Orleans participates in an insurance risk pool sponsored by the State of Louisiana, Office of Risk Management. Annual premiums are paid to the Office of Risk Management to obtain coverage for comprehensive general liability, worker's compensation, faithful performance blanket bond, building and property, automobile liability, automobile physical damage, crime and miscellaneous tort. Premiums are based on two factors: The exposure of the agency to various kinds of claims, and the amount of those claims. Additionally, the risk pool through commercial insurance carriers provides excess coverage.

**H. TOTAL COLUMNS OF GENERAL PURPOSE FINANCIAL STATEMENTS**

The total columns on the general-purpose financial statements are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund elimination's have not been made in the aggregation of this data.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Continued,

**I. ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**J. INCOME TAXES**

Criminal Court is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

**K. RESTRICTED NET POSITION**

For government-wide statement of net position, net position is reported as restricted when constraints of net position use are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. imposed by law through constitutional provisions or enabling legislation.

**NOTE 2: CHANGES IN CAPITAL ASSET BALANCES**

A summary of changes in property and equipment is detailed below:

Beginning Balance, January 1, 2012	\$ 2,016,847
Additions	91,730
Deletions	<u>-0-</u>
Ending Balance, December 31, 2012	2,108,577
Less: Accumulated Depreciation	<u>1,015,314</u>
Capital Assets, (net of accumulated depreciation)	<u>\$ 1,093,263</u>

Depreciation expense is computed on a straight-line basis and is recorded at \$47,714 for the year ended December 31, 2012.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 3: PENSION PLANS**

Plan description: The Criminal Court contributes to the Louisiana State Employees' Retirement System (LSERS) and Louisiana Clerks of Court Retirement and Relief Fund (LCCRR), a cost-sharing multiple-employer defined benefit pension plan administered by the Louisiana State Employees' Retirement System. LSERS and LCCRR provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Louisiana State Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for LSERS and LCCRR. These reports may be obtained by writing to Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213.

Funding policy: Plan members are required to contribute a portion of their annual covered salary and Criminal Court is required to contribute at actuarially determined rates as follows:

	<u>Employee</u>	<u>Employer</u>
LSERS <thru June 30, 2003>	7.50%	14.10%
LSERS <after June 30, 2003>	7.50%	15.80%
LCCRR <thru June 30, 2003>	8.25%	10.00%
LCCRR <after June 30, 2003>	8.25%	11.50%

The contribution requirements of plan members and Criminal Court are established and may be amended by the LSERS and LCCRR.

**NOTE 4: LEASES**

The Criminal District Court for the Parish of Orleans records items under capital leases as assets and obligations in the accompanying financial statements. Capital leases at December 31, 2012, consist of office equipment such as copiers, which are included in the fixed assets. No additional leases were acquired in the year 2012.

The lease agreements provide for renewal and purchase options at the end of the lease term. The Court exercised its purchase option on capital leases at the end of the lease term. Accordingly, there were no future minimum lease payments due.

**NOTE 5: CHANGES IN AGENCY FUND BALANCE**

A summary of changes in Probation Assessment, Restitution and Court Cost Agency Fund Cash balances are as follows:

Balance at beginning of year	\$672,151
Net Increase in Cash	<u>191,598</u>
Balance at end of year	<u>\$863,749</u>



**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Continued,

**NOTE 6: COLLATERALIZATION OF DEPOSITS**

At December 31, 2012, the Criminal Court had cash balances totaling \$ 1,669,328. These deposits were secured from risk by federal deposit insurance at two financial institutions. Balances in excess of FDIC insurance limits were collateralized by the depository institution with pledged securities of the respective depository institutions. The pledged securities are held by the depository institution, in the name of the Criminal District Court.

**NOTE 7: PROBATION ASSESSMENT, RESTITUTION AND COURT COST**

The Probation Assessment and Restitution Fund accounts for the amount a defendant is ordered to pay at the discretion of the court when the court has suspended the imposition or execution of a sentence and has placed the defendant on probation. Payments are made to victims for restitution of their losses as ordered by the court. Probation assessments are paid upon collection to the Criminal District Court for Orleans Parish as provided by Louisiana Revised Statute 15:571.11 (D).

The Court Cost Fund collects all costs assessed against defendant pursuant to Louisiana Revised Statute 13:1377 (B) effective September 1, 1991. Payments are distributed monthly to other agencies, which participate in the amount of court costs assessed.

**NOTE 8: CONTINGENCIES**

The Legislative Auditor of Louisiana conducted an examination of the Court and issued a report dated, November 21, 2012. The report cited noncompliance with certain State Laws related to various fringe benefits provided by the Court to the respective Criminal Court Judges. The recommendations from the Legislative Auditor included discontinuance of these fringe benefits, however the formal response from the Court took exception with the substance of the findings and recommendations. The Court however has discontinued the funding of the fringe benefits referenced in the Legislative Auditor's report. The disposition of the funding dedicated to providing these fringes in the previous years had not been determined.

**NOTE 9: BEGINNING FUND BALANCE RESTATEMENT**

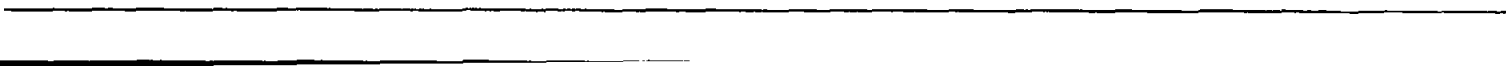
During prior years, the Court accounted for its Judicial Expense Fund (JEF) in its special revenue fund. The JEF fund reflected a fund balance at December 31, 2012 of \$1,713,165. The JEF fund balance is available to fund general operations of the Court. The prior year's accounting for the JEF included interfund transfers between the JEF and the general fund to offset the otherwise deficits in the general fund. During 2012 the Court accounted for the JEF fund as a part of its general fund, therefore eliminating the interfund balances. Transferring the JEF to the General Fund also had the effect of combining the cash balance allocated to the JEF of \$1.6 million with the general fund cash balances.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Continued,

The beginning of year fund balance was restated to reflect the change in accounting for the JEF. The resulting net position balance at December 31, 2011 reflected \$388,706. Unrestricted fund balance reflected a balance of \$388,706. This balance represents the fund balance available to maintain continuing obligations to citizens and creditors for the general fund.

## SUPPLEMENTARY INFORMATION



**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS**  
**Budget Comparison Schedule - General Fund**  
**For the Year Ended December 31, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Under/(Over)</u>
<b>REVENUES</b>			
Charges for Services	\$2,653,600	\$1,795,176	\$858,424
Intergovernmental	2,357,633	2,295,531	62,102
Interest	-	-	-
<b>Total Revenues</b>	<u>5,011,233</u>	<u>4,090,707</u>	<u>920,526</u>
<b>EXPENDITURES</b>			
Salaries and related benefits	3,780,516	4,016,965	(236,449)
Travel	200	1,940	(1,740)
Legislative Expenses	2,000	10,915	(8,915)
Conferences and Legal Education	119,100	90,838	28,262
Ceremonies	2,000	141	1,859
Office Supplies	78,000	98,398	(20,398)
Cleaning Supplies	4,375	1,687	2,688
Law Books	47,000	57,767	(10,767)
Bottle Water	21,950	14,896	7,054
Jury Expenses	340,000	7,545	332,455
Telephone	67,350	45,861	21,489
Postage	29,000	10,144	18,856
Pest Control	5,000	5,290	(290)
Dues and Subscriptions	13,000	12,557	443
Paper Supplies	44,800	28,072	16,728
Advertising	1,200	415	785
Building Maintenance & Repairs	18,500	28,442	(9,942)
Cleaning Services	4,600	4,832	(232)
Capital Outlay	32,000	87,524	(55,524)
Equipment Maintenance & Repairs	13,000	20,770	(7,770)
Lease Payments	25,000	29,513	(4,513)
Equipment Rentals	5,500	2,232	3,268
Professional & Contractual	212,700	161,456	51,244
Coffee	13,000	7,389	5,611
Drug Testing Supplies	49,500	-	49,500
Transcripts	181,000	-	181,000
Insurance	125,000	166,941	(41,941)
Miscellaneous	4,500	90	4,410
<b>Total Expenditures</b>	<u>\$5,239,791</u>	<u>\$ 4,912,620</u>	<u>\$327,171</u>

The accompanying notes are an integral part of these financial statements.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS**  
**Budget Comparison Schedule - Special Revenue Fund**  
**For the Year Ended December 31, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Under/(Over)</u>
<b>REVENUES</b>			
Charges for Services	\$ -	\$175,333	(\$175,333)
Intergovernmental	3,257,500	3,347,711	(90,211)
Interest	-	266	(266)
Total Revenues	<u>3,257,500</u>	<u>3,523,310</u>	<u>(265,810)</u>
<b>EXPENDITURES</b>			
Salaries and related benefits	1,882,137	2,019,815	(137,678)
Travel	1,000	133	867
Conferences and Legal Education	70,000	37,537	32,463
Ceremonies	-	44	(44)
Office Supplies	27,950	41,261	(13,311)
Cleaning Supplies	1,100	1,668	(568)
Bottle Water	2,000	5,298	(3,298)
Jury Expenses	-	327,324	(327,324)
Telephone	-	23,853	(23,853)
Postage	100	19,206	(19,106)
Dues and Subscriptions	700	525	175
Paper Supplies	-	13,018	(13,018)
Advertising	-	483	(483)
Building Maintenance & Repairs	12,000	7,015	4,985
Cleaning Services	300	352	(52)
Capital Outlay	2,000	4,206	(2,206)
Equipment Maintenance & Repairs	-	2,257	(2,257)
Lease Payments	-	1,159	(1,159)
Equipment Rentals	-	2,200	(2,200)
Professional & Contractual	1,257,347	1,238,171	19,176
Coffee	-	7,298	(7,298)
Drug Testing Supplies	140,000	330,154	(190,154)
Transcripts	-	181,749	(181,749)
Insurance	-	14,655	(14,655)
Miscellaneous	1,000	1,025	(25)
Total Expenditures	<u>\$3,397,634</u>	<u>\$ 4,280,406</u>	<u>(\$882,772)</u>

The accompanying notes are an integral part of these financial statements



## LUTHER SPEIGHT & COMPANY, LLC

*Certified Public Accountants and Consultants*

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Camille Buras, Chief Judge  
of the Criminal District Court for the Parish of Orleans

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Criminal District Court for the Parish of Orleans, as listed in the table of contents as of December 31, 2012 and the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. This finding is listed as 12-01.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies. These findings are listed as 12-01.

Continued,

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Court's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 12-02 and 12-03.

### **The Court's Response to Findings**

The Court's response to the finding identified in our audit was not available as of our report dated June 26, 2013. Accordingly the response to the finding described in the accompanying schedule of findings and responses was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read 'Luther Speight', followed by a large, stylized flourish or checkmark.

Luther Speight & Company CPAs

New Orleans, Louisiana

June 26, 2013



## LUTHER SPEIGHT & COMPANY, LLC

*Certified Public Accountants and Consultants*

### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Honorable Camille Buras, Chief Judge  
of the Criminal District Court for the Parish of Orleans

#### **Report on Compliance for Each Major Federal Program**

We have audited the Court's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Court's major federal programs for the year ended December 31, 2012. The Court's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Court's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Court's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Court's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, the Court complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

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Baton Rouge Office: 2900 Westfork Drive, Suite 401 · Baton Rouge, LA 70827 · Phone: (225) 275-9100 · Fax (225) 275-9300

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Continued,

### ***Other Matters***

The results of our auditing procedures did not disclose instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

### **Report on Internal Control Over Compliance**

Management of the Court is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Court's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Court's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Luther Speight & Company CPAs

New Orleans, Louisiana

June 26, 2013

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
for the Year Ended December 31, 2012**

<b>Federal Grantor</b>	<b>CFDA No.</b>	<b>Name of Program</b>	<b>Grant No.</b>	<b>Name of Grant</b>	<b>Total Awards Expended</b>
<b>Pass through Grantor</b>					
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Substance Abuse & Mental Health Services Administration	93.243	Substance Abuse & Mental Health Services	6H79T1021638-03	SAMSHA	\$ 245,696
Passed through the Louisiana State Supreme Court					
	93.668	Temporary Assistance to Needy Families (TANF)		Supreme Court Drug Court	\$ 511,143
<b>U.S. DEPARTMENT OF JUSTICE</b>					
Office of Violence Against Women	18.013	Violence Against Women Act Court Training & Improvement Grant	2010-WC-AX-K004	CTIP	\$ 128,775
Bureau of Justice Assistance	18.745	Criminal & Juvenile Justice & Mental Health Collaborative Program	2010-DC-BX-0043	Adult Drug Court/Mental Health	\$ 62,030
Passed through - State of Louisiana - Louisiana Commission on Law Enforcement and Administration					
	18.688	Court 6% Set-A-Side	M82-8-070	Domestic Violence II	17,500
	18.688	Court 6% Set-A-Side	M10-8-035	Domestic Violence I	10,421
	18.738	Drug Screening	B11-9-002	Drug Screening	180,000
U.S. Department of Justice Office of Justice Programs					
Passed through - City of New Orleans					
	18.738	Edward Byrne Memorial Justice Assistance Grant Program	2009-SB-B9-3187	Domestic Violence	60,235
<b>TOTAL</b>					<b>\$ 1,215,800</b>

See accompanying notes to schedule

CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
DECEMBER 31, 2012

NOTE 1 – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recorded when the related grant liability is incurred.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF  
ORLEANS**

**Schedule of Findings and Questioned Costs  
Year Ended December 31, 2012**

**Section I - Summary of Auditor's Results**

**Financial Statements**

An unqualified opinion was issued on the financial statements of the auditee.

**Internal control over financial reporting:**

Material weakness (es) identified?   X   yes        no

Significant deficiency(s) identified  
not considered to be material weaknesses?        yes   X   no

Noncompliance material to financial statements noted?   X   yes        no

**Federal Awards**

**Internal control over major programs:**

Material weakness (es) identified?        yes   X   no

Significant deficiency(s) identified  
not considered to be material weaknesses?        yes   X   no

An unqualified opinion was issued on compliance.

Any audit findings disclosed that are required to be  
Reported in accordance with Circular  
A-133, Section 510(a)?

       yes   X   no

The amount used to distinguish between Type A and Type B programs was \$300,000.

The major program for the year ended December 31, 2012 was as follows:

1. Temporary Assistance to Needy Families (TANF) - CFDA 93.558

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**FINDING# 12-01      POLICIES AND PROCEDURES FOR REMITTANCE OF VARIOUS  
COURT FEES AND COSTS COLLECTED NOT IMPLEMENTED**

**CONDITION**

The Court collects fines and fees from various sources during the year. The Court is required to remit specified percentages of these fines and fees to various agencies within the criminal justice system. We reviewed the procedures in effect related to the collection of the fines and fees and the subsequent reconciliation and remittance to the various agencies and noted that the Court does not have a specific policy for the timing of remittances to the respective agencies. In addition, the details accompanying the remittances to the respective agencies are not sufficiently detailed to allow for their reconciliation of the amounts remitted.

In addition, the Court did not sufficiently monitor the timing of the remittances to the recipient agencies. Our testing indicated that the time lag between receipt of fines and fees by the Court and the reconciliation and remittance to the affected agencies ranged up to sixty (60) days for the periods tested.

**CRITERIA**

Louisiana Revised Statute; Act 366 requires agencies whose duties include receiving court fines, fees, costs assessments, and forfeitures for courts within their jurisdictions to disburse all sums due on a monthly basis and shall provide and itemized detail of those sources.

**CAUSE**

The Court did not have a policy that required specific timeframes and procedures for remittance to the recipient agencies.

**EFFECT**

The procedures in effect do not comply with Revised Louisiana Revised Statutes.

**RECOMMENDATION**

We recommend that the Court implement policies and procedures to implement compliance with Act 366.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Continued,

**MANAGEMENT'S RESPONSE**

The Court established procedures to implement the timely collection and remittance of applicable court costs and fees, however these procedures were not properly implemented by the Court's former accounting and information system staff. Once made aware of the exceptions, the Court engaged an experienced technology consulting firm to correct the procedures and address the backlog.

The matter has now been resolved and all agencies will receive their remittance by the 10<sup>th</sup> day of each month, along with a detailed ledger to support the remittance.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**FINDING# 12-02      TIMESHEETS NOT MAINTAINED FOR EMPLOYEES ASSIGNED  
TO SECTIONS OF COURT**

**CONDITION:**

The employees assigned to the various Sections of the Court did not prepare timesheets indicating their time and attendance. These employees work under the supervision of the respective Judges.

**CAUSE:**

The Court did not have a policy that required timesheet preparation by employees assigned to the various Sections of Court.

**EFFECT:**

Time and attendance documentation for the employees assigned to the various Sections of Court is not adequate to fully document human resource maintenance reporting.

**RECOMMENDATION:**

We recommend that the Court implement policies requiring timesheet preparation and approval for all employees assigned to the Sections of Court.

**MANAGEMENT'S RESPONSE:**

At the end of each month, Orleans Parish Criminal District Court submits a letter to the Louisiana Supreme Court certifying that all of its employees have worked the required hours.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**FINDING# 12-03    IMPROPER BENEFITS PROVIDED TO THE COURT**

**CONDITION:**

The Legislative Auditor of Louisiana performed an investigative audit covering the period January 1, 2009 through December 31, 2012, and issued a report dated November 21, 2012. Their report cited findings related to Improper Insurance Benefits and Inadequate Documentation of Travel Expenses.

A summary of the finding included in their report presents as follows:

**Insurance Benefits**

It appears that contrary to state law, from January 1, 2009, to December 31, 2011, the judges of the Criminal District Court for the Parish of Orleans (Court) improperly used public funds totaling \$637,367 to provide themselves with supplemental and additional insurance benefits.

These insurance benefits included:

1. Payment of 100% of the premiums totaling \$447,967 for additional health, dental, hospitalization, cancer, critical illness, long-term care, accidental death and dismemberment, and life insurance policies.
2. Use of Court funds totaling \$154,750 for the administration and reimbursement of out-of-pocket medical expenses incurred by judges.
3. Payment of 100% of the premiums totaling \$34,650 for professional liability insurance for judges.

It was acknowledged by the Court that it discontinued insurance policies referenced in the examination during 2011.

**Travel and Lodging Expenses**

The review of travel expenses for the period January 2009 to December 2011 revealed that the Court (1) lacked adequate documentation to support all amounts expended for travel as required by the Supreme Court's travel policy and (2) allowed judges to pay excessive amounts for lodging during the Summer School for Judges and the Annual Meeting of the State Bar Association. Without complete travel records or detailed receipts, we could not determine the business purpose of all travel expenses.



**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Continued,

**CRITERIA**

State law [Louisiana Revised Statute (R.S.) 13§691] provides for the annual salary of district judges and prohibits judges from receiving any additional compensation or benefits other than their salary. Because the additional insurance benefits received by the judges are not provided for in R.S. 13§691, it does not appear that the judges had the legal authority to vote themselves additional benefits or to incur these added expenditures. As a result, it appears that the judges received benefits in violation of R.S. 13§691 and expended funds in violation of the Louisiana Constitution which prohibits the donation of public funds.

The Louisiana State Supreme Court travel policy requires that all travel expenses be necessary and reasonable as well as properly documented.

**CAUSE**

The background and causes related to the establishment of the referenced insurance policies were detailed extensively in the Court's response dated November 9, 2012.

**EFFECT**

The Court appears to be in violation of Louisiana Revised Statutes related to additional compensation. The Court in its response dated, November 9, 2012 presented a comprehensive response to the investigative report. Their report presents their disagreement with certain aspects of the findings. It was noted that the Court discontinued the insurance policies that were referenced in section 1 of the condition.

**RECOMMENDATION:**

We recommend that the Court follow the recommendations presented in the Legislative Auditor's report dated November 21, 2013 and seek to resolve the final disposition of the matters contained within the report.

**MANAGEMENT'S RESPONSE:**

The Court provided a detailed response to the Legislative Auditor's report's findings in a letter dated November 9, 2012.

**CRIMINAL DISTRICT COURT FOR THE PARISH OF ORLEANS  
UPDATE OF PRIOR YEAR FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>FINDING#</u>	<u>DESCRIPTION</u>	<u>Resolved</u>	<u>Unresolved</u>
11-01	Fraudulent Checks Negotiated in Court's Bank Account	X	